GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3510
ANSWERED ON:07.09.2007
SELF HELP GROUPS
Rao Shri Kavuru Samba Siva

Will the Minister of FINANCE be pleased to state:

(a) the number of Self Help Groups operating with Bank Linkage Programmes on micro- financing in each State and Union Territories at present;

(b) the amount of credit extended and interest rate charged from small farmers and poors in rural areas during 2006-07;

(c) whether the Government proposes to further strengthen the functioning of SHGs and encourage NGOs and public-private banks to develop and operate Bank Linkage Programmes; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BAN SAL)

(a) 8s (b) : A total of 29,25,698 Self Help Groups (SHGs) have been Credit Linked under the Bank Linkage Programme till June 2007 involving a-bank loan of Rs.18,051.74 crore.

Reserve Bank of India (RBI) has deregulated the rate of interest on advances above Rs.2 lakh in respect of commercial banks. However, for loans upto Rs.2.00 lakh, RBI has stipulated that the rate of interest charged by the commercial banks should not exceed the Benchmark Prime Lending Rate (BPLR). Banks are, therefore, free to determine the rate of interest, they charge from groups or members of groups. The rates of interest charged by different banks on their loans to SHGs vary from 9.5% to 11.5% per annum.

(c) & (d) : The policies of the Government regarding SHGs are directed towards providing financial services to the poor and thus achieve maximum financial inclusion. To provide a formal statutory framework for the promotion, development and regulation of the micro finance sector, the Government has introduced a bill in Lok Sabha on 20.03.2007 entitled `The Micro Financial Sector (Development and Regulation) Bill, 2007`.